

Economic Development Proviso Launch Meeting
Summary of Workgroup Activities
August 27, 2013

Objective Metrics – Discussion Summary

- 1) Good data
 - Tap into it
 - Coordinate
 - Meaningful
 - 2) Goals/Outcomes
 - 3) Define economic development
 - 4) It will take investment
- Good data (credible, meaningful, and actionable) drives good evaluation
 - Use available data collected by state agencies for evaluation
 - Collect data we are not getting now (UI & job tracking)
 - Data currently measures energy and process rather than outcomes
 - Addressing “market failure” focuses public investments appropriately.
 - Need more than raw number (not all jobs are the same)
 - Need 3rd party review
 - Programs involved or engaged in economic development are defined too broadly.
 - Define what metrics exist and what metrics are needed
 - Metrics should matter to business.
 - Especially when businesses are being measured.
 - Need empirical evidence and information about the economy and its drivers.
 - Get past rhetoric and loosely based “ROI” arguments
 - Recognize that it will cost money to tap into and analyze state data supporting evaluation and outcome
 - We need to ideally define economic success. What does this look like?
 - Create a unified business “client” reporting system.

Takeaways:

- 1) What policy or policies are needed to improve accountability and effectiveness of economic development?
- 2) What data and information is needed to drive intelligent planning, program design and evaluation
- 3) Define economic development and then identify the players and agencies involved.
- 4) What are the economic development outcomes / aspirations?
- 5) What and where are the best practices?

Objective Metrics – Idea Cards

- Create metrics that are meaningful that displays where the WEDC can improve.
- Metrics for economic development do not really exist today. We are only at a start point that needs to be established: simple, meaningful, actionable.
- Outcome based over the long-term especially for capital investments; not just short-term.
- Measureable metrics for rural and urban regions/counties that are sustainable initiatives.
- Create metrics that measure basic economic impacts with recognition of differing needs and measures in rural & Eastern Washington.

<ul style="list-style-type: none"> • Measure efficiency of processing regulatory applications with the idea of minimizing timeframes for processing.
<ul style="list-style-type: none"> • Economic disparity between urban/rural
<ul style="list-style-type: none"> • Use objective, 3rd party data
<ul style="list-style-type: none"> • Because state funding for economic development is very diversified (many small pots) need to carefully craft metrics that will provide decision makers with clear data that will help determine value without creating complicated and costly reporting requirements.
<ul style="list-style-type: none"> • Economic growth and new business is the outcome. Metrics are a way of tracking progress. Don't get this backward. Metrics are not the outcome.
<ul style="list-style-type: none"> • Do not fall into the "metric madness" trap. Pick the few that are <u>outcome oriented</u>, that answer the "so what" questions. Don't just count things because we can.
<ul style="list-style-type: none"> • Develop metrics that allow meaningful state competitiveness evaluation.
<ul style="list-style-type: none"> • Post-secondary education attainment rate (degrees and credentials) • Number of STEM degrees (Graduate & Undergraduate) • Per student funding at state's universities and colleges.
<ul style="list-style-type: none"> • Have Governor and Legislature agree.
<ul style="list-style-type: none"> • Outcome – based, no activity – based metrics • Washington set own benchmarks and measure to those similar to Oregon Business Plan.
<ul style="list-style-type: none"> • Keep metrics simple – are jobs increased.
<ul style="list-style-type: none"> • Washington has one of the highest rates of company starts and also high rate of failure. Perhaps a metric to see if red tape/reduction or regulatory reform has an impact on "high" failure rate of new companies.
<ul style="list-style-type: none"> • Make sure they are the right ones and that they can easily be explained.
<ul style="list-style-type: none"> • Measurable performance goals for the state's freight system have been developed in the Washington Freight Plan. Data and methodologies are available to track progress towards the goals. • WSDOT has measured the performance of key commuter routes for years.
<ul style="list-style-type: none"> • Remember to not expect metrics that measure on the short-term that which takes a long-time.
<ul style="list-style-type: none"> • Take time to do it right, avoiding metrics that are misguided or drive the wrong priorities.
<ul style="list-style-type: none"> • Measure revenue growth of business in Washington. If revenue is growing, jobs are growing.
<ul style="list-style-type: none"> • Credible, meaningful, actionable data to make informed policy decisions.
<ul style="list-style-type: none"> • Fiscal notes / ROI
<ul style="list-style-type: none"> • Cost for new business or existing business devoted to regulatory issues relative to cost in other states.
<ul style="list-style-type: none"> • Need to be defensible; try to measure what the state government has the most influence over.
<ul style="list-style-type: none"> • Measure "practices" vs. jobs.
<ul style="list-style-type: none"> • Unbiased creation & evaluation of milestones.
<ul style="list-style-type: none"> • Economic development policy should only be passed when a cost-benefit analysis has been conducted that clearly demonstrates a net-benefit to the state.
<ul style="list-style-type: none"> • A clear, objective, predictable, performance measurement system.
<ul style="list-style-type: none"> •
<ul style="list-style-type: none"> • Define what economic development is so you can clearly measure it.
<ul style="list-style-type: none"> • Focus on empirical evidence. What does "success" look like? What do we measure not just what we brag about. In other words: Prove your assertions of success. For example: Move beyond counting patents & disclosures – move to funding rounds, licensing revenue, jobs created on which taxes are paid. • Expansion of middle market businesses, increased market share, increased number of jobs, increase in overall tax revenue, "Bang for the Buck."
<ul style="list-style-type: none"> • Metrics measure outcomes from state investments. • Metrics measure objective of the economic development strategy.
<ul style="list-style-type: none"> • Consistent benchmarking with other states. • Local-regional/rural urban indicators should be flexible. • Measures of successes based on relationships (not easily counted) long-term.
<ul style="list-style-type: none"> • Sales tax collections • Commercial permits issued.

<ul style="list-style-type: none"> • Improve visibility and tracking capabilities across key metrics. i.e. Don't focus so much on targets (yet), but on ways (<u>tools</u>) for measuring: in real time, in a sustainable way, in a way that benchmarks can be readily tracked.
<ul style="list-style-type: none"> • Fewer. More focus on state initiatives that avoid picking winners and losers and drives money to support private sector growth.
<ul style="list-style-type: none"> • The metrics are the one aspect of current efforts that may endure for 10 years. • Align metrics with measures in other states or at the federal level - - how will we make comparisons?
<ul style="list-style-type: none"> • Coordinate the metrics for the different agencies so agencies are not going different directions and/or have conflicting measurements.
<ul style="list-style-type: none"> • Develop metrics that are understandable to the general public, and that find a way to recognize the sometimes difficulty of measuring qualitative economic development.
<ul style="list-style-type: none"> • Measure the economic impact resulting from government action to improve the economy.
<ul style="list-style-type: none"> • One-size metrics won't work for all. Be sure to design measures that can be meaningful and relevant across different communities; urban/rural; manufacturing/agriculture, etc.
<ul style="list-style-type: none"> • Establish benchmarks that are obtainable but cause us to stretch and work together.
<ul style="list-style-type: none"> • Measure 1: Jobs (employment); 2) Wages and 3) Earnings. Also consider 4) State GDP and 5) Personal income as aggregate measures.
<ul style="list-style-type: none"> • Need to be simple and easily tied to historical data to show trends. • Suggest using existing definitions of "Good Business Climate" such as Roundtable.
<ul style="list-style-type: none"> • Logic models should define and drive programs receiving state economic development funding and all of these programs should be routinely evaluated.
<ul style="list-style-type: none"> • Metrics cannot become an additional burden/regulation – must be easy to report and synthesize.
<ul style="list-style-type: none"> • Measure the employment outcomes for individuals that participate in our secondary and post secondary programs – including incumbent workers looking to do better in the labor market. • Measure earnings levels upon program completion
<ul style="list-style-type: none"> • Benchmarks: Public money should be used to leverage private investment. Stay away from economic development efforts that need 100% public money.
<ul style="list-style-type: none"> • Six Sigma DMAIC approach instead of gathering metrics post funding a project.

Regulatory & Reforms – Discussion Summary

Top-down accountability for time and predictability “Culture Change”

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|--|---------------------------------|
| 1) Process predictable and efficient <ul style="list-style-type: none"> – Benchmarking – Measure timelines – Incentivize “yes” | Nick Demerice
Randy Gardiner |
| 2) One Stop or Ombudsman Portal for Regulations <ul style="list-style-type: none"> – “concierge” portal – Funding | Christina Lomasney |
| 3) Federal/State/Local Streamlining <ul style="list-style-type: none"> – Share local best practices – Business license service for all regulations – Communication across agencies – Master process maps | Lisa Parks |
| 4) Agency Process Reform <ul style="list-style-type: none"> – Dept of Ecology – Labor and Industries – Revisit incentives | Connie Bacon |
- } Formal rule review

Regulatory & Reforms – Idea Cards

- Privatize UI
- Tax Increment Financing
- Strengthen the economic development environment is to change Dept. of Ecology from the “bully in the room to a partner”
- Streamlined permitting
Overhaul Department of Ecology
- Dept. of Ecology!!
- One stop permitting – city county, state
- Create means for addressing visibility across regulations, including tools (online) that reduce data redundancy and centralize regulatory communications.
- Become the most advanced state in terms of online and integrated (Fed, State, Local) regulatory agency and private sector communication (Can also extend to tax)
- How can Department of Ecology efficiently help businesses: Start/move to/expand in the state. Needs to be: Fast, Efficient, Communicative
- Regulatory application “assistance” to eliminate processing waste
- Regulatory coordination – convene a business advisory group to examine regulations
- Setup a “navigator” program to help citizens
- Make the holes in “one stop” work
- “Nothing About Us Without Us”
- Put infrastructure at the top of the list!
- State regulatory ombudsman with power.

<ul style="list-style-type: none"> • Single point of coordination for businesses across multiple government levels and other regulatory authorities.
<ul style="list-style-type: none"> • Create <u>Navigator Service</u> that helps businesses resolve regulatory issues. • Use resulting data to identify systemic issues and fix them.
<ul style="list-style-type: none"> • How do we eliminate the conflicting expectations between state and local regulations?
<ul style="list-style-type: none"> • Review regulatory practices that streamline the process for local governments (Cities, Counties, Ports) to decrease permitting time process and cut unfunded mandates on such jurisdictions that increase costs.
<ul style="list-style-type: none"> • Stop duplication and conflicting requirements at local/state/federal levels.
<ul style="list-style-type: none"> • Alignment & efficiencies among state, local, regional, federal (when possible) regulatory bodies. Pick one project to start...but start somewhere.
<ul style="list-style-type: none"> • Reduce duplicative processes as businesses comply with state regulations. • Alignment and coordination between state regulatory entities.
<ul style="list-style-type: none"> • How do we coordinate state regulations with federal, county, and city regulations? • Can we create a “one stop” process? • How do we expedite processes?
<ul style="list-style-type: none"> • Regulatory language and process should have a clear connection to public interest.
<ul style="list-style-type: none"> • Find common ground for stakeholders <ul style="list-style-type: none"> – Urban – Rural – Business-Labor – Democrats-Republicans so the group can get behind the recommendations.
<ul style="list-style-type: none"> • Include more minorities in the economic development conversation. How can you expect to increase exports if you don’t know anything about the culture of the country you want to buy our goods?
<ul style="list-style-type: none"> • Get a high level of involvement and buy –off by private sector.
<ul style="list-style-type: none"> • Create a process to review all regulations on a regular basis. • Create a threshold licensing process similar to Oregon’s.
<ul style="list-style-type: none"> • No economic development money distributed without tracking jobs created. • Private investment leveraged. • Project part of comprehensive development plan.
<ul style="list-style-type: none"> • Trust agencies & communities once broad outlines / outcomes are set legislatively.
<ul style="list-style-type: none"> • The effect of border states on the border regions of Washington. What changes need to happen to compete with other state and reduce leakage?
<ul style="list-style-type: none"> • Do not tax new capital investments in rural Washington. No sales tax on equipment, machinery and buildings.
<ul style="list-style-type: none"> • Incentive to allow mid/small companies to employ student interns – do their own workforce development.
<ul style="list-style-type: none"> • A cross-functional multi-state-agency economic team, reporting to OFM, should be established. This team will: <ul style="list-style-type: none"> – Develop and implement strategies to grow regional and the state economy.
<ul style="list-style-type: none"> • Engage the business community to partner with government to aggregate buying power necessary to bring health providers and insurers to the table to deliver better care more cost-effectively – Thereby lowering a fixed cost of doing business in Washington.
<ul style="list-style-type: none"> • Lean process improvements/efficiency of universities/colleges. • Streamline reporting requirements.
<ul style="list-style-type: none"> • Eliminate regulations that cost business money / time that have limited reasonableness. • Create regulatory culture to “getting to yes.”
<ul style="list-style-type: none"> • State should ensure that <u>all</u> its regulatory agencies are predictable in terms of process and timelines.
<ul style="list-style-type: none"> • Policy like UK’s policy for ministry / agencies of “for every new rule – two rules must be eliminated.”
<ul style="list-style-type: none"> • Less rule-making. Agencies do not care about moratoriums or requests to limit rules when possible. There needs to be a cap or cost to the agency.
<ul style="list-style-type: none"> • Separate process from standards. • Reasonable, predictable, efficient. • Must be willing to take on hard topics such as Industrial Insurance in meaningful and thoughtful manner.
<ul style="list-style-type: none"> • Consistent process applied. Regulatory code should not be subject to interpretation or personal opinion (front-line

problem). Proper training in code enforcement and customer service must be delivered statewide.
<ul style="list-style-type: none"> • Collect data to track and solve actual pain points in the current processes. • Respect the intent of environmental and labor regulations.
<ul style="list-style-type: none"> • Recommendations that will create certainty and reign in cost of compliance. <ul style="list-style-type: none"> – Timelines for permitting that are reasonable and cost effective – Single agency leads to reduce overlapping and duplicative decision making and inaction – British idea – One in: Two out. Formal systems to streamline that work – Basic thresholds for business infrastructure
• Establish a benchmark and hold people accountable to improve the time, cost and frustration around compliance.
• Develop regulation processes that are reasonable & understandable and can be achieved in a timely manner.
• To the maximum extent possible, ask whether the reforms enable business, not constrain business.
• Take the ambiguity out of what needs to be reformed, in priority order, by developing a performance metric that drives measurable improvement recognized by business.
<ul style="list-style-type: none"> • Identify baseline and measure progress. • Compare regulatory burden to benchmarks in other states.
<ul style="list-style-type: none"> • <u>Streamline & Incentivize.</u> • Find a way to streamline regulations & permitting (editorial comment: Local governments <u>can</u> handle permitting if they have support and resources from the state). • Also look at ways to create incentives (not just barriers) for businesses to locate.
• Environmental approval reform is the main problem in the state. Comp. plan updates and enviro controls are way too slow.

Organizational Roles – Discussion Summary

- Principles:
 - Coordinated – Common voice
 - Legislature and Governor on the same page
 - Cross agency metrics – quantifiable
 - Cooperation of existing organizations
 - Form follows function – who plans local/state
 - Organizational sustainability
 - Authority – Advisory Group?
 - Define Economic development (Clear concise description)
 - Product
 - Marketing Product (Sales)
 - Relationships
 - Planning – tactical
 - Advocating
 - Educating
- Models:
 - Separate agency
 - Separate Commission advising
 - Enterprise Florida
- Objective evaluation:
 - What works
 - What doesn't work
- Bring resources together to affect outcomes:
 - Needs to be immediate
 - Meaningful role for private sector
 - Economic Development Districts
 - Department of Ecology
 - 3-5 Legislative policies
 - Urban and rural together
- Advisor and Advocate to:
 - Commerce
 - Workforce
 - Legislature
 - SBCTC
 - WSDOT
- Representative of population across the state
- Inventory of statewide economic development

Organizational Roles – Idea Cards

- Define who is responsible for what and what other groups should not be involved in.
- Economic development is a system. For any system to perform its work/purpose, all the parts of the system must work together. Define those parts and connect them to achieve a common purpose.
- Better coordination between Commerce Department and economic goals and the Dept. of Ecology/Dept. of Revenue / Dept. of Transportation, etc. So that the economy of the state is the number one priority.
- Develop local biz assistance, expansion retention. Through this action networking and partnerships will start.
- Create an effective forum for rural communities to influence state policy.

<ul style="list-style-type: none">• Include the development of irrigation infrastructure in Rural Economic Development.• Align agency missions as much as possible.• Goals/objectives must precede definition and clarity of roles and responsibilities.• Organizational Roles: Various organizations need to form teams, where each member organization is measured by a common set of metrics. Teams might include: Infrastructure, talent R&D/Finance.• How do we reconcile our vision with the interest of Governor’s office?							
Roles for Economic Development							
Sector Champions	Tactical	Strategic				Competitiveness Champions	
		Talent	Entrepreneurship	Infrastructure	Regulatory		International
		Agriculture					
		Aero.					
		Mfg.					
		Health					
		IT					
<ul style="list-style-type: none">• Coordinate the agency/organizations benchmarks so all groups are speaking the same language and being measured on similar economic goals.• Create mechanism which gives a forum for all the “disparate economic development organizations to talk on a regular basis by regions. Similar to the New York : Open for Business Plan• Have collaborative <u>commission</u> of business, labor, ADO – operate ED programs and develop strategy.• Commerce: Fund the collaborative elements (convening partners) to bring together the existing agencies to partner on projects.• Keep strong direct oversight of any state-funded or state-sponsored efforts.• Collaborate and coalesce, not compete.• Define the roles, logically, so there isn’t a significant amount of overlap & redundancy in who is doing what. Function as a <u>STATE</u> not entities or areas within a state.• Better collaboration & communication between public and private sector.• Too much organizational overlap and potential self-interests in outcomes. How do we get to actionable consensus?• Focus on objectives outline in proviso• Streamline access-reduce steps (roles) for regulatory compliance• A system that connects strategy to implementation. This system must be focused on broad themes that map to a number of initiatives.• Support economic development lead person in Governor’s office. Focused on creating new jobs.• Business community direct involvement in greater proportion than public representatives.• All organizations/partners need to be working together and moving in the same direction. *Communication.• Recognize, coordinate, and fund local economic development efforts. “New is not better.”• Do not create a rural vs. urban dynamic in economic development.• A clearer division of responsibilities should be charted between state and local level economic development team members.• One voice state-wide.• Governor is chief advocate & cheerleader. Commerce needs to communicate its responsibilities better. Economic development is local so reinforce role of ADO as intersection with business.• Team Washington approach: local ADOs act as field offices for Commerce-Regional Teams all with economic development mission.• Clear descriptions of each organization’s role & responsibilities including alignment and clean hand-offs.							

<ul style="list-style-type: none"> • Commerce/EDC should have USS government involvement and more business involvement.
<ul style="list-style-type: none"> • Need for better alignment, re-education and jobs. Improve higher education connections with industry re: education readiness for jobs of today and tomorrow.
<ul style="list-style-type: none"> • Centralize regulatory information, applications and assistance.
<ul style="list-style-type: none"> • Ensure buy-in from Governor's office, and close work with key legislators.
<ul style="list-style-type: none"> • We need to establish a multi-state agency economic team to: <ul style="list-style-type: none"> – Develop comprehensive strategies – Measure progress towards goals to improve the regional and state economies. • Goals need to be measurable, and each agency's role must be clear.
<ul style="list-style-type: none"> • Competitiveness council to replace WEDC with independence
<ul style="list-style-type: none"> • WEDC "or like" organization needs to be reinstated to serve as overarching research, analytic and economic development support organization.
<ul style="list-style-type: none"> • How to create stability in economic development strategy without an independent commission or agency?
<ul style="list-style-type: none"> • Be convener for public / private interests to address economic development.
<ul style="list-style-type: none"> • Contains specific role for an economic development commission (or why one is not needed). • How does commission fit with state-wide strategy.
<ul style="list-style-type: none"> • Role is to combine the individual economic development strategies from around the state into a statewide strategy (not the other way around) and advocate support for that strategy.
<ul style="list-style-type: none"> • Diverse representation: No tribal rep, No Hispanic Rep; No Asian Rep • As state goes forward these groups represent larger and larger segments of the populations and should have a voice.
<ul style="list-style-type: none"> • Adjust composition of this group to include tribes, people of color. • Include through outreach broad base of businesses. Statewide Washington Business Alliance can help.
<ul style="list-style-type: none"> • Reinforce a bottom up approach to economic development ADO -> Up
<ul style="list-style-type: none"> • Respect for interests of stakeholders in the state.
<ul style="list-style-type: none"> • How will the state work with the federal level organizations to coordinate / collaborate/partner for funding/leveraging dollars.
<ul style="list-style-type: none"> • Align organizations with economic development functions into a critical path that follows a business's path to success.
<ul style="list-style-type: none"> • Engage higher education in areas of expertise. • Approach colleges and universities as economic engines.
<ul style="list-style-type: none"> • Include Puget Sound Regional Council, Prosperity Partnerships, ACG and Sector Associations in deliberations.
<ul style="list-style-type: none"> • Integrated with the ADO network -> geographically distributed and knowledgeable of local efforts and challenges. • Strong ties to the Governor/Commerce/Legislature.
<ul style="list-style-type: none"> • Roles: <ul style="list-style-type: none"> – Current Dept. of Commerce plus Commission – Dept. of Commerce plus advisory – Remake Department of Trade and Economic Development with advisory or Commission. – Commission runs economic development: Enterprise Florida <ul style="list-style-type: none"> ○ Commission with Governor appointees and Legislators, ADO, Business, Labor, Ports, etc .